

Consumer Guide to **Automobile Insurance**

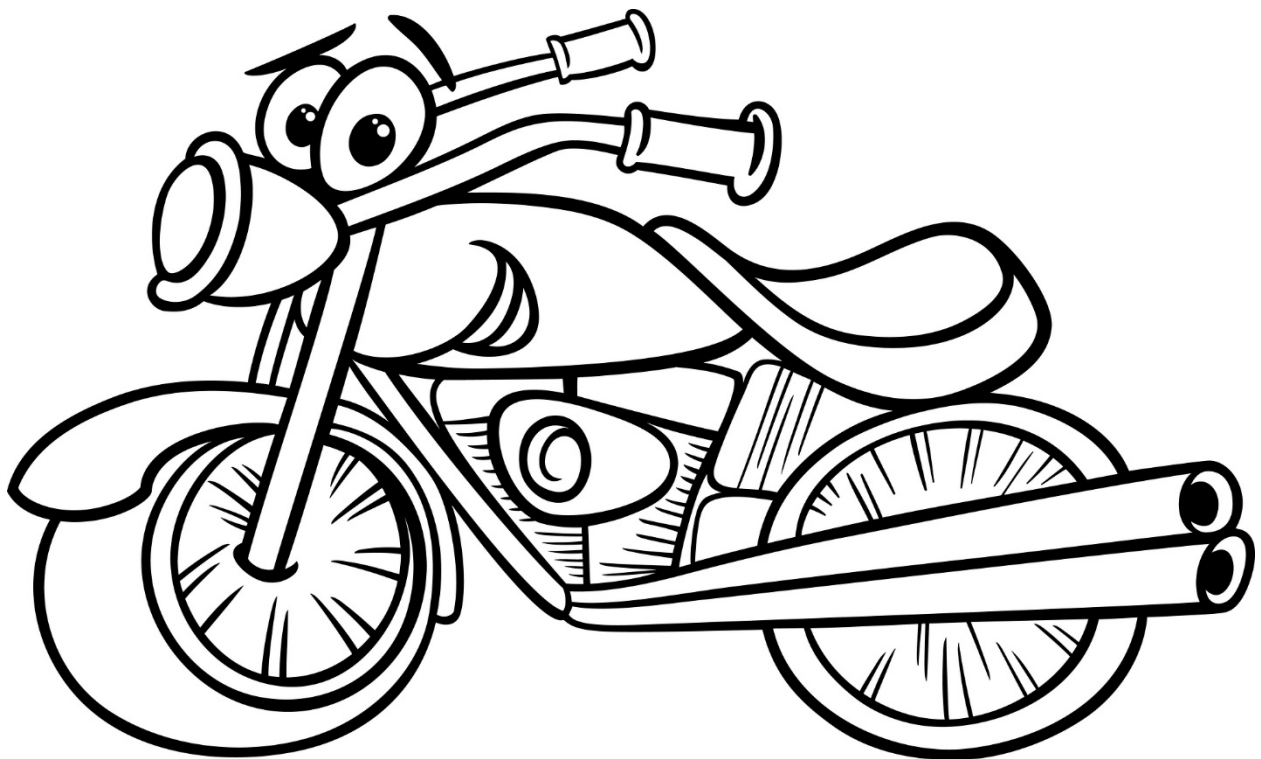
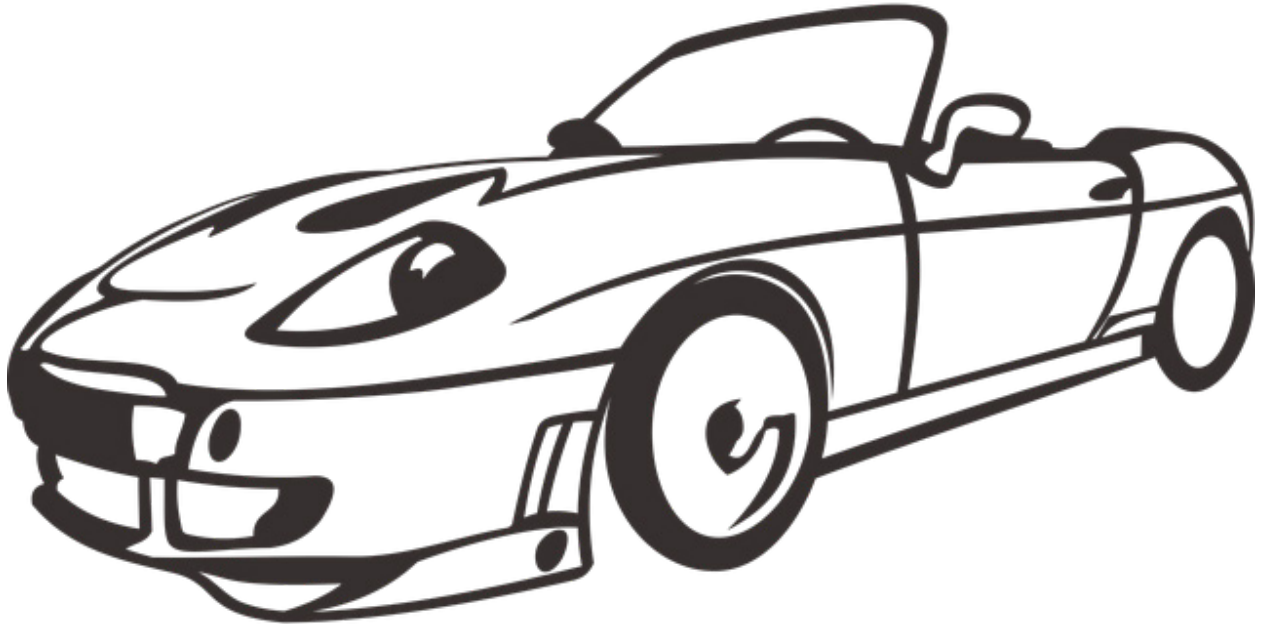


STATE OF ALASKA
DIVISION OF INSURANCE

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HEY KIDS OF ALL AGES!

COLOR ME!



What is Auto Insurance?

Auto insurance helps protect you from losses resulting from motor vehicle accidents. An auto policy usually has several types of protections or “coverages.” Some coverages are required, while some are optional.

The cost for coverage varies widely among companies doing business in Alaska. That’s why it is important to shop around when choosing an insurance company. Before you buy, you must decide what coverages best fit your needs. Your agent should work with you to come up with personalized coverage.

It is very important to read your policy thoroughly and familiarize yourself with the types of coverage to know what’s covered under your auto policy.

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Auto Insurance Overview

The owner or operator of a vehicle registered for use on the road must carry at least the legally required minimum amount of liability insurance. Liability coverage provides you with protection from claims by others for damages that might arise out of an accident for which you are found to be legally responsible. This coverage is divided into Bodily Injury Liability and Property Damage Liability.

The Alaska Division of Insurance does not set insurance requirements. Our office is charged with administering the Alaska Insurance Code in Title 21 of the Alaska Statutes. The authority charged with administering Title 28 for the Alaska Uniform Traffic Laws Act is the Department of Administration, Division of Motor Vehicles.

As of the date of this publication, your policy must include minimum liability coverage of:

Bodily Injury Liability:

\$50,000 per person / \$100,000 per accident

Bodily Injury Liability Information

Bodily injury liability insurance protects you against the claims of other people who are injured in an accident for which you were at fault. Their claims for bodily injury may include medical expenses, lost wages, and pain and suffering.

Property Damage Liability:

\$25,000 per accident

Property Damage Information

Property damage liability insurance pays for any damage you cause to the property of others. This includes not only damages to other vehicles, but also other property such as walls, fences and equipment

Alaska Requirements / Proof of Insurance

Alaska Statute 28.22.019 requires that you must have a copy of your policy, certificate of self-insurance, insurance identification card or mobile electronic device display of insurance verification in your immediate possession when you are driving a motor vehicle.

Additionally, if you are involved in an accident that results in bodily injury, death, or property damage exceeding \$501, you will be required to show proof of insurance.

Failure to have insurance can result in the suspension of your driver's license. Before your license can be reinstated, proof of financial responsibility (SR-22) must be supplied and reinstatement fees paid. An SR-22 filing may be obtained from your insurance company and must be filed with the Division of Motor Vehicles for three years following an accident in which the driver was uninsured.

The Alaska Uniform Traffic Laws Act (Title 28) is administered by the Alaska Department of Administration, Division of Motor Vehicles. The Division of Motor Vehicles can be reached at:

Alaska Division of Motor Vehicles (DMV)

Anchorage and out of state

(907) 269-5551

Outside of Anchorage, in Alaska

(855) 269-5551

Mailing Address

3901 Old Seward Highway

Suite 101

Anchorage, AK 99503



Full Coverage? Not actually a thing...

Many think they carry “full coverage” on their car insurance policy; however, there is no such thing as full coverage auto insurance. If you ask for full coverage, you may end up with: State-required liability, Collision Coverage and Comprehensive Coverage.

The coverages and amount of protection will vary by the company issuing the policy. Consumers should ask about the details, read the fine print carefully, and consider the following Optional Coverages.

Optional Insurance Coverages

Collision

Collision coverage provides an option for taking care of damage to your vehicle. It pays for the replacement of your vehicle or the repair of physical damage to your vehicle caused by colliding with an object or by overturning. If the cost of repairs exceeds the vehicle’s current value, it may be declared a total loss by your insurance company, and you may be paid for its actual cash value or equivalent as determined by Alaska insurance law.

Because collision and comprehensive coverage often work hand-in-hand, your insurance company may require that you carry comprehensive coverage when you carry collision. Your lienholder may also require that you purchase collision coverage.

Comprehensive

Comprehensive coverage, sometimes called “other than collision” coverage, is an optional coverage that pays for repairing other types of physical damage to your vehicle. If your vehicle is financed, the lienholder may require this coverage. Damage from fire, wind or hail, vandalism, theft, and broken glass are examples of how this coverage may be used. Running into a bear or moose, or any collision with a bird or animal, is included in this coverage. You may carry comprehensive coverage with or without collision, although your lienholder may also require that you purchase comprehensive coverage with collision.

Uninsured / Underinsured Motorists

When you complete an application for auto liability insurance, you must be presented with a written offer for this coverage. Insurers must offer you a variety of coverage choices, including limits equal to the Liability coverage which you selected. You must be offered Bodily Injury and Property Damage as separate coverages. You have the option of selecting both at any of the available limits, rejecting both, or selecting one coverage and rejecting the other. If your selection or rejection is not verified by your signature, Alaska law requires that the company issue your policy with coverage limits matching

your Liability coverage. If you reject this coverage, the company is not required to make another offer at renewal, but you may request that the coverage be added at any time.

If you are in an accident and the other party is found to be responsible but does not have insurance or does not have enough insurance to meet your expenses, this coverage is designed to take care of your injuries and damage to your property. This coverage also applies to hit-and-run situations or when your vehicle is hit while parked and you are unable to determine the identity of the other party. This coverage also applies if you are hit by a vehicle as a pedestrian or on a bicycle.

Medical Payments

Medical Payments is an optional coverage that pays hospital, medical, and funeral expenses for you or others who are injured or killed while in your vehicle. Unlike Bodily Injury Liability coverage, payment under this coverage can be made without a determination of negligence.

Medical Payments Coverage also applies to you, your family members, or others insured on your policy when they are in another vehicle or when they are injured by a vehicle as a pedestrian.

You may want to consider carrying this coverage even if you have health insurance that covers you and your family. If an accident occurs, medical treatment for your friends, carpool partners, or your child's soccer team that you take to practice could all be immediately covered without waiting for fault to be assigned at the end of a lengthy claims process or lawsuit. If you have health insurance, you may want to check with your health insurance company to learn how it might share payment or coordinate benefits with this coverage.

Rental Reimbursement Coverage

Rental Reimbursement coverage (sometimes called "loss of use" or "transportation expenses") repays you for the cost of a rental car only when your vehicle is disabled after a covered loss or in the event of theft of your auto. Reimbursement may be limited to a specific amount per day and for a limited number of days. Because you may be presented with a number of options for the daily reimbursement rate when you are shopping for insurance, you will want to be aware of rental costs in your community so that you will be sure that you are purchasing adequate coverage.

Towing and Labor Coverage

Towing and Labor Coverage, sometimes call Roadside Assistance or Emergency Services, reimburses you or pays for towing your vehicle to a repair shop. One way that towing costs are often covered is by providing up to a specific amount per use. However, there may be a limit indicated in your policy on the number of times this coverage may be used.

This coverage may also provide payment or reimbursement for other types of assistance provided by a mobile service unit. Examples of the types of services that may be covered are a locksmith, delivery of a part such as a fan belt, the cost to change a tire or jump start your vehicle. Check with your agent or insurance company for a description of what services are covered and the limits of coverage.

Electronic, Audio, and Visual Equipment Coverage

If you have added audio, visual, or other electronic equipment to your vehicle, you may want to check with your agent or insurance company to see if you need this additional coverage. Most policies may only cover the theft of electronic equipment that was installed in your vehicle by the factory or that is permanently installed in the dashboard.

Theft of CDs or other media may be included in this coverage or added as a separate coverage. Most policies place a limit, such as \$100, \$250, or \$500, on recovery under this coverage.

If you have added custom equipment to your vehicle, you may want to check with your agent or insurance company to see whether you need additional coverage. There may be limits to the amount of coverage that would be indicated in your policy endorsements.

Miscellaneous Coverage

These may include loan/lease gap coverage (pays the difference between the value of the damaged auto and any outstanding loan or lease balance, if greater), death/disability benefits, pet coverage, loss of earnings benefits, personal property coverage, and more.

Deductibles

A deductible, the portion of the loss that you have agreed to pay, may apply to certain coverages. In the event of a loss, the insurance company will pay for any covered loss less the deductible amount. If you have a \$500 deductible and suffer a \$1,500 covered loss, the company will pay \$1,000 and you will be responsible for the remaining \$500. Although selecting a higher deductible will lower your premium, you should be realistic about the amount you can afford to pay in the event of a loss. Your deductible can vary throughout the types of optional coverages.

Insuring Other Types of Vehicles

Motorcycle

The minimum liability limits required by state law for motorcycle insurance are the same as for automobile insurance; however, there is no requirement that the company make an offer of higher limits for Uninsured/Underinsured Motorists Coverage.

The market for motorcycle insurance in Alaska is relatively limited. Of the companies that offer coverage, some may require that you insure another vehicle or property with their company.

Motor Home/Recreational Vehicle

Coverage for your motor home or recreational vehicle may also be available through the company that provides your automobile insurance. You may also find coverage through an association for recreational vehicle users.

Rental Car Insurance

Car rental companies offer several different insurance options that your existing policy might already cover. If you rent a vehicle, you may want to check with your auto insurer to determine what supplemental coverages you may need in addition to your current auto policy. Car rental companies typically offer the following products at the counter:

Collision Damage Waiver

Collision Damage Waiver is also referred to as a Loss Damage Waiver (LDW). If you have comprehensive and collision coverage on your own car, you will likely not need this additional protection. (As explained on page 6 in this guide, comprehensive insurance covers vehicular damages caused by accidents such as fire, theft, wind, hail, or a run-in with a deer, vandalism, or theft. Collision insurance covers the cost of repairs or the actual cash value of the vehicle, if damaged in a crash or rollover.)

Liability Insurance

Liability insurance covers medical expenses and damages to another person's property as a result of a car accident caused by the insured's negligence. If you are adequately insured on your own car, you may consider forgoing this additional liability protection.

Personal Accident Insurance

Personal Accident Insurance offers coverage to the renter and passengers for medical bills resulting from a car crash. If you have adequate health insurance and disability income insurance, or are covered by personal injury protection/medical payments coverage under your own car insurance, you will likely not need this additional insurance.

Personal Effects Coverage

Personal Effects Coverage provides for the theft of personal items inside the rental car. If you have a homeowners or renters insurance policy, it may cover this already; however, you should check your homeowners policy for specific coverages and limitations. If you frequently travel with expensive jewelry or sports equipment, it may be more cost-effective to purchase a floater under your home or renter's insurance policies so the items are fully protected when you travel.

Rating Factors Insurance Companies Consider

Year, Make, and Model of Vehicle

Rates for vehicles are based on statistics compiled by the insurance industry. These statistics include information such as the frequency of theft and accident claims, the cost to repair a vehicle, the size and type of vehicle, and their safety performance and history. If you have the serial or vehicle identification number (VIN) for your vehicle, the quote you receive will be more accurate than one based solely on year, make, and model. The VIN can indicate features such as the engine size, presence of anti-lock brakes, and whether your vehicle has four-wheel drive.

Vehicle Usage

Rates may vary based on whether your vehicle is used only for pleasure, used to drive back and forth to work, or used in the course of your business. Each type of usage is defined in the policy and the terms used to describe usage may vary from company to company. Usage may also include the number of miles of your daily commute or an estimate of your annual mileage. Because terminology differs between companies, it is better to describe the use of our vehicle and allow the person providing your quote to decide which term best fits your description.

Names of All Owners and Operators of the Vehicle(s) in Your Household

Some companies will also need the name of all members of your household who are old enough to drive. The price of your policy may be based on information on all licensed drivers as well as all potential drivers.

Alaska Statute 28.20.440(l) allows you the option of excluding a driver in your household from coverage. Your insurance company may request that you do this if a driver on your policy has proven to be a greater risk than the other covered drivers. You may have a young driver away at school without a vehicle and may exclude them from coverage in an effort to lower the cost of your policy. Before excluding a driver from your policy, you may want to determine if there are less restrictive ways of removing someone from your policy.

Physical Address

Rates vary based on where you drive. A resident of a small, remote community may be less likely to be involved in an accident than a resident of a large, urban community where there are more miles of road and many more vehicles on the road.

Age, Sex, and Marital Status

Insurance rates are based on statistics that each company has compiled. For example, if statistics indicate that single men under the age of 25 have been found at fault in more accidents, the company will charge a higher rate for customers who fall in that category, because as a group, they will increase the need for funds to cover the expense of claims.

Driving History and License Status

The company will need to know how long each person has been driving, any involvement in accidents, any moving violations, any suspensions and/or revocations of license, and if there is a need for a Financial Responsibility Filing (SR22). Although the company will request a copy of your driving record if you apply for a policy, disclosing as much information as possible will make it more likely that your estimated price will match your actual price.

Prior Insurance

If you currently have an automobile insurance policy or have had a policy in the past, you will need to provide the name of the company, the dates that you were insured, and the liability coverage limits you carried. Some companies may offer you a better price if you carried liability limits higher than the minimum required limits. If you have not owned a vehicle, were not legally required to carry insurance, and have not violated the Alaska Mandatory Insurance Act, lack of prior insurance coverage may not be considered as a factor in rating your policy (Division of Insurance Order R93-5).

Stability

You may be asked for information related to the length of your employment in your current job or occupation and whether you own or rent your home. While insurance companies are looking for stability, this information may also open the door to discounts based on your status as a homeowner or as a retired person.





Credit Information

You may be asked to provide information regarding any bankruptcy, judgments, or credit problems. The insurance company may ask your permission to obtain a credit report or will disclose to you that an insurance score will be used to complete the premium quote.

An insurance score is a number or rating that is based in whole or in part on a consumer's credit history. Alaska law allows insurers to consider credit information in the selection of applicants and setting of rates. Consumers may dispute the credit information that was used or request an exception for extraordinary life circumstances. Alaska law allows you to request reconsideration of an adverse action based in whole or in part on your credit history if the information on your credit report is in dispute. More information on insurance scoring and credit scoring can be found on our website: insurance.alaska.gov.

To obtain your credit history, you may be asked to supply your date of birth, social security number, and current or prior address. Details of your credit report are usually not provided to the company, but a credit score, insurance score, or rating is assigned to you based on information contained in your credit report. More information on insurance scoring and credit scoring can be found on our website: insurance.alaska.gov.

The credit report vendor used by the insurance company may not be the same one recently used by your bank or loan company, so periodically reviewing the information on file with all three credit report vendors is a good idea. Under the Fair and Accurate Credit Transactions Act you may now obtain one free credit report per year at www.annualcreditreport.com or by calling 1-877-322-8228.

Common Discounts

Providing complete and accurate information is the best way to guarantee that your premium quote will truly reflect your unique situation and that you will be quoted a fair price. By knowing about possible discounts, you may be able to transform a fair price into a better price. Here are some common discounts you might want to ask about:

Multiple Vehicle

Most companies offer this to customers who insure more than one vehicle with them.

Good Driver

Some companies reward drivers who have been accident or violation free for a number of years.

Driver Education / Safety Courses

Successful completion of an accredited course may help offset the higher cost of insuring a young driver.

Good Student / Distant Student

High school and college students may earn a discount by maintaining a certain scholastic record, which may vary by company. If your child is a student at a school away from your home and does not have a vehicle available for use, there may be a discount available to reflect the decreased possibility of a loss.

Senior Citizen / Retired Driver

Sometimes this discount is based on having reached a certain age or it may be given upon attaining a designated age and no longer being a daily commuter. Additionally, Alaska law requires companies to give a discount to drivers over the age of 55 who voluntarily complete a motor vehicle accident prevention course approved by the Department of Administration.

Safety Devices / Anti-Theft Devices

If you provided the vehicle identification number, it is likely that items such as airbags, automatic seat belts, and anti-lock brakes were identified at that time. But there may be additional discounts available for alarm systems and other safety features.

Homeowners Discount / Multiple Policy Discount

You may receive a discount for owning your home, but may be required to provide proof of homeowners insurance as verification. If you have your homeowners or renters policy with the same company, you may qualify for an additional discount.

RESPONSIBILITY



Your Responsibilities

An automobile insurance policy is a legal contract. It explains your rights and responsibilities and those of the insurance company. Keep your policy in your home files and know the name of your insurer.

You should read your policy and be sure you understand it. If you have questions about your insurance policy, contact your insurance agent or company.

When you buy auto insurance, you'll receive a complete policy with declarations and applicable endorsements. If you don't receive a policy within 30 days, contact the insurance company. If you need a company's toll-free number, check their website, call your agent, or contact the Alaska Division of Insurance.

Other helpful tips:

- Pay the premium on time. Some insurers do not accept late payments. If an insurer accepts your payment late, it may increase your premium at renewal.
- Your full premium is due when your policy starts, which is usually every six months. Many insurance companies will let you pay monthly. To do this, you will likely pay an extra fee.
- Keep your proof-of-insurance card in your car at all times.
- Keep a file of all paperwork you completed online or received in the mail and signed, including the policy, changes to your policy, renewal notices, correspondence, copies of advertisements, premium payment receipts, notes of conversations, and any claims submitted.
- Maintain your vehicle. You are responsible for its upkeep and repair (including maintenance) to keep it in good condition.

Claims

Do you know what your automobile policy covers? Read the policy thoroughly so that you know what is covered, how much is covered, and what is excluded. Your policy will also contain information on how to contact the company in the event of a loss.

The following guidelines should assist you as you work with your insurance company to report and resolve a claim:

- Telephone your insurance agent or claims office as soon as possible. Ask what forms or documents will be needed to support your claim. Although many claims are now filed electronically, you may need to supply supporting documents such as medical receipts, auto repair bills, and a copy of the police report. Many insurers have an application for your mobile device that can help you file a claim. You can also access a helpful checklist to carry in your vehicle at https://www.insureuonline.org/auto_accident_checklist.pdf
- Promptly supply any information your insurance company needs. Cooperate in its investigation, settlement, or defense of any claim.
- Keep records of all your expenses. Emergency expenses you incurred as a result of an automobile accident may be covered under your policy.
- Keep copies of all your documents. Store copies of all your accident-related documents with your other important papers.

What to do if you are in an accident

If you're involved in an accident you should exchange information with the other driver(s). Get their name, address, phone numbers, and their insurance company's name and phone number. This information is on the proof-of-insurance card. If you can't get this information, write down their driver's license number and license plate number to give to your insurance company. Be prepared to share the same information about yourself with the other driver.

- Call 911 if someone is injured.
- If your car is drivable, move it out of traffic.
- Get this important information at the accident scene:
 - The other car's make, model, year, and license plate number.
 - Witnesses' names and contact information.
 - The name, badge number, and contact information for the officer who comes to the accident. Ask the officer the report number and when/where to get the accident report.
 - The date, time, and exact location of the accident, with notes of skid marks, weather and road conditions. Take photos or sketch a diagram of the accident scene.
- If your car is damaged by a hit-and-run driver or is stolen, promptly call the police.

What to Do if you Can't Get Coverage

Have you been unable to obtain automobile insurance?

You may be eligible for coverage under the Alaska Automobile Insurance Plan (Assigned Risk).

The plan assigns applicants to private insurance companies doing business in Alaska.

For more information, ask your agent or call AIPSO at 800-227-4659.

Words to Know

Actual Cash Value (ACV) In automobile insurance, actual cash value is equivalent to a vehicle's pre-loss market value.

Adjuster

A person or firm who is employed by the insurance company (or contracted by the company) and is responsible for investigating and determining the value of your loss.

Binder

A temporary proof of insurance that is only valid for the number of days indicated on the binder or until the actual insurance policy is issued, whichever time period is shorter.

Cancellation

The termination of your insurance coverage at any time other than at a policy anniversary date.

Deductible

The amount you pay when you have a claim before your insurance company begins payment.

Proof of loss

A formal statement made by the insured to the insurance company providing sufficient information concerning the loss that the company uses to determine its liability under the policy.

Underwriting

The process of examining, accepting, or rejecting an individual or group for insurance coverage, and classifying those accepted into categories based on their risk in order to charge an appropriate premium.

About the Alaska Division of Insurance

The Alaska Division of Insurance is a state agency headed by the Director of Insurance. The most important function of the division is consumer protection, which includes oversight of the financial conditions of insurance companies. As insurance needs have grown, the need to assist Alaska consumers has also grown.

There are two offices; one is located on the 9th floor of the State Office Building in Juneau, and the other is located on the 15th floor of the Atwood Building in Anchorage.

Contact Us: www.insurance.alaska.gov

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Contact Consumer Services

Our Consumer Services section can answer general questions and help if you are having problems with your insurance company or agent. We enforce Alaska insurance laws and investigate potential violations.

Our Consumer Services Office is located in Anchorage; (907) 269-7900 or (800) 467-8725 (in-state, outside Anchorage).

Visit our Website

Answers to many of your questions and additional guidance may be available on our website: www.insurance.alaska.gov.

You can also review our annual reports regarding specific insurance companies, obtain contact and certificate of authority information regarding certain companies, find laws and statutes, and review breaking insurance news.



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